

Dear Prospective Borrower:

Thank you for considering SKED for your financing needs. Below you will find a checklist of information necessary to process your loan request. Upon receipt of the applicable items listed under Preliminary Eligibility Requirements, we will be able to determine if your project will meet SBA's general funding guidelines, typically within 48 to 72 hours. The remaining applicable checklist documentation must be provided prior to formal review and approval. If you should have any questions, please do not hesitate to contact us.

The attached application relates to SKED's U.S. Small Business Administration 504 Loan Program. This program provides real estate and large machinery and equipment financing to businesses in Kentucky. Project guidelines are as follows:

- Real estate loans are for a term of 20 years and equipment loans are for a term of 10 years. Equipment must have a remaining useful life of 10 years.
- All loans carry a fixed interest rate.
- The maximum loan amount is the lesser of 40% of the total project cost or \$5,500,000.
- A minimum of 10% of the project costs must be provided directly from the business or personal resources.
- Both business and personal assets may be used to secure the loan and personal guarantees will be required for all principals/owners of more than 20% of the business including their spouses.
- Loan proceeds may be used to purchase real estate, construct, expand, or renovate facilities and to purchase equipment.
- Certain fees and soft costs are eligible to be paid from loan proceeds. Any ineligible costs are required to be paid by the borrower and are due upon closing.

All loans must be approved by the SKED Board of Directors which meets on the fourth Wednesday of each month. All applications must be received by the first day of the month in order to be considered at that month's Board meeting. Once the information below is received, an initial determination will be made as to eligibility under SKED's and SBA's program guidelines. Additional information may be needed depending upon your project. Upon approval by the SKED Board, the application is submitted to the SBA for its review and action. Under normal circumstances, the SBA review will take 10 to 15 working days. If the SBA approves the application, an Authorization is issued detailing all the terms and conditions of its approval for the small business, SKED, and the third party lender. All information is maintained under the strictest confidence.

If you should have any questions regarding the above information, please do not hesitate to contact us. Again, thank you for considering SKED for your financing needs.

Sincerely,

Brett Traver
Executive Director

Chris Coldiron
Director of Lending

SOUTHEAST KENTUCKY ECONOMIC DEVELOPMENT CORPORATION

2292 South Highway 27, Suite 340 Somerset, Kentucky 42501

Phone: (606) 677-6100 Fax: (606) 656 - 0256

SBA 504 LOAN PROGRAM CHECKLIST

Preliminary Eligibility Requirements:

1. If your business has been in operation for **MORE** than 1 year, please provide a brief description of the nature of your business, its history and a clear description of the project to be undertaken and how it will help your business. If your business has been in operation for **LESS** than 1 year, please provide a detailed business plan.
2. Itemized, detailed listing of costs to be incurred in the project including any supporting documentation such as real estate sales or option contracts, contractor costs and estimates, vendor quotes for machinery, as well as an itemized listing of estimated "professional fees" (i.e., appraiser, architect, legal, etc.) Also provide verification of useful life of at least 10 years for machinery and equipment
3. Completed schedule of existing and planned (during next 12 months) business debts for both the operating company and the real estate holding company, if applicable. If a start-up or no debt in the business, please note so on the form, sign, and submit with your application. Please indicate if any of the debt are delinquent or in default.
4. If your business has been in operation for **MORE** than 2 years, please provide, for both the operating company and real estate holding company, if applicable, external accountant or internally prepared financial statements (balance sheet and income statement) and federal income tax returns for the previous 3 years, interim financial statements (balance sheet and income statement) of not less than 60 days old with related aging of accounts receivable and payable, and at least two years financial projections (balance sheet and income statement) including the project being undertaken. Detail all assumptions used in preparing the projection.
5. If your business has been in operation for **LESS** than 2 years, please provide, for both the operating company and real estate holding company, if applicable, external accountant or internally prepared financial statements (balance sheet and income statement) and federal income tax returns for all years completed, interim financial statements (balance sheet and income statement) of not less than 60 days old with related aging of accounts receivable and payable, and a 3 year financial projection (balance sheet and income statement) including the project being undertaken. Also provide a monthly cash flow analysis for the first 12 months of operation or for three months beyond the breakeven point (whichever is longer) together with a description of assumptions attached. Detail all assumptions used in preparing the projection.
6. Personal financial statements (SBA Form 413) current within 30 days and last completed tax return of all owners owning 20% or more of the operating company and, if different, each owner with 20% or more ownership of the real estate holding company, if applicable.

Full Application Requirements (in addition to above):

7. SKED 504 Loan Application form completed in full and signed on page 3 by a designee of the business and page 4 by all owners of 20% or more of the business.
8. Provide a schedule of any previous government financing received by the operating company, real estate holding company, if applicable, any affiliated company, as well as any associate or principal of the applicant. Include the name of the agency, the original date and amount, the outstanding balance, if the loan is current, paid, delinquent, or charged off, and collateral securing the loan. If no previous government financing, please provide a signed statement to that effect.

9. Personal History Statement (SBA Form 912) and copy of driver's license and social security card for each officer and director (regardless of ownership) and each owner of 20% or more of the operating company and, if different, each owner with 20% or more ownership of the real estate holding company, and any key management.
10. Resumes or biographies on all owners and key management personnel.
11. If applicable, the names of affiliated (whether by ownership **or** management control) or subsidiary businesses, as well as the last three fiscal year-end financial statements and federal income tax returns and related DUNNS number for each. (Front page of each document must be signed by loan applicant)
12. If applicable, a copy of the Franchise Agreement and Franchisor's Disclosure Statement that is required by the Federal Trade Commission.
13. If applicable, a copy of the existing or proposed lease agreement between operating company and real estate holding company.
14. SBA Section 504 Assistance Agreement completed in full and signed by a designee of the business and by SKED Loan Officer with Loan Packaging Deposit paid to CDC upon execution of this Agreement.



APPLICATION FOR SBA 504 LOAN
SOUTHEAST KENTUCKY ECONOMIC
DEVELOPMENT CORPORATION
 2292 South Highway 27, Suite 340 Somerset, Kentucky 42501
 Phone: (606) 677-6100 Fax: (606) 656 - 0256

Operating Company Information:

Company Name				
Street or P.O. Box	City	County	State	Zip Code
Contact Person	Telephone		Fax	
Federal Employer ID Number	DUNNS Number	NAICS Code	Email	
Corporation: <input type="checkbox"/> Partnership: <input type="checkbox"/> Sole Proprietor: <input type="checkbox"/> Other:				
Date Established:	State of Incorporation:	Company's fiscal year end:		

Operating Company Ownership: Please identify all owners with 20% or more interest in the company.

Name	Address	Social Security Number	Percent (%)

Real Estate Holding Company Information (if applicable):

Company Name or Owner Name				
Street or P.O. Box	City	County	State	Zip Code
Contact Person	Telephone	Fax	Email	
Corporation: <input type="checkbox"/> Partnership: <input type="checkbox"/> Sole Proprietor: <input type="checkbox"/> Other:				
Date Established:	State of Incorporation:	Company's fiscal year end:		

Real Estate Holding Company Ownership: Please identify all owners with 20% or more interest in the company.

Name	Address	Social Security Number	Percent (%)

Has the operating company, any of its current officers, or any of the current owners ever been convicted of a criminal offense, been in receivership or adjudicated a bankruptcy, been denied a business-related license, or had it suspended or revoked by any administrative, governmental or regulatory agency, or are presently involved in a lawsuit?

YES NO If yes, please attach an explanation.

Is at least 51% of the business owned by U.S. Citizens or green card holders? Yes No

References:

Primary Bank	Contact Person	Phone
Accountant Name	Firm Name	Phone
Attorney Name	Firm Name	Phone

Project Information:

Street Address of Project	City	County	State	Zip Code
Square Footage of Building:	Square Footage Operating Company will Occupy*:			
Has Property been Purchased? <input type="checkbox"/> Yes <input type="checkbox"/> No	Date Purchased/to Close:			

* Please Note – SBA requires the operating company to occupy 51% of an existing building and 60% of a new construction.

Project Cost Information for Purchase of Existing Buildings or Equipment Only Projects:

Project Needs	Estimated Cost
Purchase of Land and Existing Building	
Remodeling and Renovation Costs	
Equipment Costs**	
Other: (Identify)	
TOTAL PROJECT COST	

Project Cost Information for Construction Projects:

Project Needs	Amount
Land Acquisition	
Construction Costs	
Architects, Engineers, Permits, and other soft costs	
Equipment Costs**	
Other: (Identify)	
TOTAL PROJECT COST	

** Please Note – Equipment to be financed must have a useful life of 10 years or more.

Affiliate Businesses: List any other businesses owned or controlled by any principal with 20% or more ownership in operating company.

Business Name	Owner	% Ownership
Business Name	Owner	% Ownership
Business Name	Owner	% Ownership
Business Name	Owner	% Ownership

Employment Projections

	Full-Time	Part-Time	**Full-Time Equivalents of Part-Time
Current number of jobs at project location			
New Jobs to be Created			
Jobs to be retained			

***If part-time employment is being created, please also indicate full-time equivalents and an explanation of the formula used to determine full-time equivalents. Without this information, part-time jobs will not be used in the calculation of jobs.*

Certification of Applicant/Application

Certification: I/We hereby represent and certify that the foregoing information and any attachments submitted herein, to the best of my knowledge, is (a) true, complete and accurately and fairly describes the proposed project for which financial assistance is sought; and (b) does not contain any information for which an entity competing with the applicant may claim a proprietary; and (c) that there are no pending suits, proceedings, judgments or pending litigation of any kind affecting the applicant nor its principal owners (if a corporation); and (d) that I authorize lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness; and (e) that I understand that non-confidential information may be subject to public disclosure pursuant to the Federal Freedom of Information Act.

The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, handicap, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income is derived from any public assistance program or because the applicant has in good faith exercised any right under the Consumer Credit Protection Action. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

I/We further understand that completed applications for financing are reviewed and considered on a first-come, first-served basis and that approved financing is subject to the availability of funds. I/We also understand that evidence showing that funds from conventional sources have been sought, but such funds were unobtainable, may be required.

Signature

Title

Print Name / Date

Updated 10/20/2014

CREDIT AUTHORIZATION

I hereby authorize Southeast Kentucky Economic Development Corporation and/or the U.S. Small Business Administration to conduct credit investigation and verifications and to obtain credit bureau reports (including consumer and/or business credit reports) on the undersigned and any other entity of which I am a principal.

In addition, and not withstanding anything to the contrary, I also expressly authorize the release of any financial/organizational information or data from third party sources (Banks, Financial Institutions, Insurance Companies, Attorneys, Accountants, Credit Unions, etc....) to Southeast Kentucky Economic Development Corporation upon its written or verbal request.

Date

Signature

Printed Name

Date

Signature

Printed Name

Date

Signature

Printed Name

Date

Signature

Printed Name

Date

Signature

Printed Name

DEMOGRAPHIC INFORMATION

(for owners with more than a 20% ownership interest in the company)

The following information is requested by the Federal Government in order to monitor the Lender's compliance with the Equal Credit Opportunity Act. You are **not** required to furnish this information, but are encouraged to do so.

The law requires that the Lender may neither discriminate on the basis of this information, or on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations the Lender is required to note race and sex on the basis of visual observation or surname.

Owner 1: I do not wish to furnish this information.

Owner Name		Ownership %	Age
Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino		Veteran Status <input type="checkbox"/> Non-Vet <input type="checkbox"/> Vietnam Era <input type="checkbox"/> Other Vet
Race <input type="checkbox"/> Native Hawaiian or other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> White <input type="checkbox"/> Black or African American <input type="checkbox"/> Other			

Owner 2: I do not wish to furnish this information.

Owner Name		Ownership %	Age
Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino		Veteran Status <input type="checkbox"/> Non-Vet <input type="checkbox"/> Vietnam Era <input type="checkbox"/> Other Vet
Race <input type="checkbox"/> Native Hawaiian or other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> White <input type="checkbox"/> Black or African American <input type="checkbox"/> Other			

Owner 3: I do not wish to furnish this information.

Owner Name		Ownership %	Age
Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	Ethnicity <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino		Veteran Status <input type="checkbox"/> Non-Vet <input type="checkbox"/> Vietnam Era <input type="checkbox"/> Other Vet
Race <input type="checkbox"/> Native Hawaiian or other Pacific Islander <input type="checkbox"/> Asian <input type="checkbox"/> American Indian/Alaskan Native <input type="checkbox"/> White <input type="checkbox"/> Black or African American <input type="checkbox"/> Other			

SBA SECTION 504 ASSISTANCE AGREEMENT

AGREEMENT made this ___ day of _____, 20___ by and between Southeast Kentucky Economic Development Corporation, Inc., a Kentucky non-profit corporation ("CDC") and _____ of _____, hereinafter referred to individually and/or collectively as "Applicant."

RECITALS

A. Southeast Kentucky Economic Development Corporation, Inc., is certified by the United States Small Business Administration ("SBA") to make Section 504 loans under the Small Business Investment Act ("SBA Loans") and where appropriate seek SBA approval and or guarantees of these loans; and

B. Applicant desires to explore the option of making application for an SBA Loan.

For the reasons recited above, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. LOAN PACKAGING

1.1 CDC shall assist Applicant to investigate the feasibility of obtaining financing for an SBA Loan under the Small Business Investment Act, of 1958 as amended. CDC shall examine and review Applicant's financial history and condition to determine whether a SBA Loan application would be appropriate at this time.

1.2 After its investigation and review, CDC shall begin processing an application for an SBA Loan for Applicant if it determines in its sole discretion that: (1) Applicant is within the CDC's and SBA's eligibility criteria; (2) the proposed project is likely to be approved by the SBA; and (3) all other requisite elements to complete the project under this program can also be paid or financed.

1.3 If these conditions are satisfied and CDC agrees to make application on behalf of Applicant for an SBA Loan, Applicant and CDC shall prepare and submit to SBA a SBA Loan application with all required supporting exhibits and documentation (the "Loan Application Package").

2. LOAN PACKAGING DEPOSIT

2.1 Applicant shall pay CDC at the rate of One Hundred Dollars (\$100.00) per hour for its services, which include but are not limited to its investigation, preparation, and submission of the Loan Application Package.

2.2 Applicant shall pay CDC a deposit of \$2,500.00 (Two Thousand Five Hundred Dollars) upon the execution of this Agreement (the "Loan Packaging Deposit").

2.3 If SBA does not approve the Loan Application Package, and all of the conditions of this Agreement have been satisfied, the entire Loan Packaging Deposit shall be refunded to Applicant.

2.4 Anything to the contrary notwithstanding, if Applicant abandons the application or instructs CDC to withdraw its application and/or terminate this Agreement prior to submission of the application to the SBA, CDC may retain the Loan Packaging Deposit to pay for reasonable expenses and costs, including but not limited to recording, filing fees, credit bureau reporting services, property tax reporting services, flood zone certifications, appraisals, and environmental investigations. If less than twenty-five (25) hours have been spent by CDC on this project, Applicant shall receive an accounting and a refund of any unused portion of the Loan Packaging Deposit.

2.5 If, after the application is submitted to SBA and an Authorization and Debenture Guaranty is issued by SBA, evidencing approval of the application for financing, and the Applicant abandons the application or instructs CDC to withdraw its application and/or terminate this Agreement, Applicant agrees to pay the CDC \$2,500 or two-thirds of the CDC Loan Origination Fee, whichever is less. Two thirds of the loan origination fee is equivalent to one percent of the net debenture proceeds. Applicant agrees to pay the loan origination fee within 30 days of notification of cancellation of the application. The deposit mentioned in 2.2 above will be credited toward the loan origination fee. Applicant also agrees to pay any legal fees, title commitment fee, cancellation fee, recording costs or other costs that may have been incurred by the CDC at the direction of the Applicant prior to withdrawal or cancellation of the loan commitment.

3. COOPERATION/NO CDC LIABILITY

3.1 Promptly upon request, Applicant shall provide CDC with that documentation, information and data necessary to prepare the Loan Application Package. Applicant agrees that all documentation, information and data provided shall be current, accurate and complete. Applicant shall do each and every other thing required to package the Application.

3.2 The parties acknowledge that SBA Loan approval and financing is dependent upon many economic, financial, political, and other factors beyond CDC's control. Accordingly, CDC cannot and does not guarantee or promise that the Loan Application Package will be approved by SBA or that the Applicant will obtain financing.

3.3 CDC shall not be responsible in any manner or liable to the Applicant or any other person if the Loan Application Package or Final Loan Package are not approved by SBA and/or if after the Loan Application Package is approved, SBA financial assistance is not obtained. Applicant acknowledges that the SBA Loan Authorization (the "Authorization") issued when the Loan Application Package is approved, does not guaranty that the Final Loan Package will be approved by SBA and that SBA funds will be made available. In order for funds on the SBA loan to be available, the Applicant must satisfy the following two (2) conditions, both of which are beyond CDC's control: (a) all of the requirements of the Authorization must be satisfied and (b) the SBA must approve the Final Loan Package.

3.4 CDC shall not be liable for any of the debts, expenses or obligations incurred by Applicant or on its behalf in preparing the Loan Application Package and Final Loan Package. Further, Applicant hereby agrees to indemnify CDC and hold it harmless from any loss, liability, claim, demand, cost, charge or damage arising out of or related to this Agreement and defend CDC against any demand, claim or charge made against CDC arising out of or related to this Agreement.

4. CDC FEES

4.1 If the Final Loan Package is approved and Applicant obtains financing (the "Debenture Proceeds"), Applicant shall pay CDC an initiation fee (Loan Origination Fee) of 1.5% of the Net Debenture Proceeds to pay for the SBA Loan administration and CDC overhead. (If the Final Loan Package is approved and is not funded, see paragraph 2.5 above.)

4.2 Applicant further agrees to and shall pay a CDC servicing fee of .625% of the unpaid principal balance on the Debenture Proceeds annually (.50% CDC; .125% SBA), to be paid on a monthly basis and to be collected by the Servicing Agent for the term of the SBA Loan, to pay for, in part, SBA Loan administration. The servicing fee shall be adjusted every five (5) years based upon the amount of the unpaid principal balance.

4.3 Applicant agrees to and shall also pay all costs and expenses incurred by CDC in preparing and submitting the SBA Loan Package to the SBA for final approval, and for closing the approved SBA loan, including but not limited to the title insurance premium for ALTA Lender's Policy, title search and opinion fees, all recording and filing fees, credit bureau reporting services, property tax reporting services, flood zone certification services, appraisal, environmental investigation, and CDC legal fees. CDC legal fees are \$2,500.00. Applicant also shall pay or reimburse the CDC attorney for any and all reasonable expenses and costs incurred by him on Applicant's behalf. The SBA, however, does review the CDC's legal fees and expenses to determine whether they are reasonable. If a question arises, Applicant, CDC and CDC Attorney agree to accept the SBA's determination.

5. SERVICING OR TRANSFER AGENT

5.1 Applicant agrees to and shall pay the SBAs designated Central Servicing Agent ("CSA") for its services. Its fees are currently at 1/10 of one percent per year of the outstanding principal balance adjusted every five (5) years.

5.2 Applicant agrees to and shall pay .5% of the Net Debenture Proceeds as a nonrefundable Debt Service Reserve to the SBA (one time guaranty fee). Applicant is also advised that an additional .5% of the Third Party Lender permanent financing will be paid by the third party lender. This is referenced as a Participation Fee in the Omnibus Spending Act of 1997. The fee is non-refundable and assists in reduction of the cost of the program to the federal government.

5.3 Applicant agrees and shall pay an ongoing guaranty fee as determined by the SBA. This fee will be referenced in the Authorization and Debenture Guaranty, paragraph 1.8.5.a. The fee is an annual percentage of the principal balance of the Note calculated at five year intervals and is paid for the term of the loan. It is included in the payment on the Note made each month to the CSA.

6. DEBENTURE UNDERWRITING COSTS

6.1 Applicant agrees to and shall pay all costs relating to the underwriting and sale of the SBA Loan. These fees include but are not limited to payment to the bond counsel, underwriting group, fiscal agent and funding agent. It is anticipated that these costs, in their aggregate, will total 3/4 (.75) of 1% of the Net Debenture Amount for a twenty (20) year loan and 5/8 (.625) of 1% for a ten (10) year loan.

7. CHANGE OF CIRCUMSTANCES

7.1 Applicant agrees to immediately notify CDC in writing of any material adverse change in Applicant's financial condition, and the absence of such notification shall be considered a continuing statement that no such unfavorable change has occurred.

8. NO PROVISIONS OUTSIDE THIS WRITTEN AGREEMENT

Both parties agree that there are no other promises, terms, or agreements oral or written, outside this Agreement, and that this written Agreement controls over any such terms, promises, or agreements. No modification may be made to this Agreement without the express written approval of the CDC Board of Directors. The undersigned acknowledges that a CDC Loan Officer has explained the following with regard to the Loan application:

8.1 The SBA 504 Loan Prepayment Penalty and timing of semi-annual prepayments optimum time for prepayment.

8.2 The automatic electronic withdrawal method of making monthly payments from an account designated by Applicant.

8.3 The closing and legal costs associated with this loan will be financed as part of the debenture; closing costs include estimated Title Insurance (see para. 8.4), recording costs and other closing expenses. Legal fees referenced in paragraph 4.3 will be financed as part of Debenture administrative fees. Any cost in excess of the estimates will be paid by the borrower or taken out of the Loan Packaging Deposit at the sole discretion of the CDC.

8.4 The requirement that Applicant purchase an ALTA Lender's Title Policy and any necessary endorsements.

8.5 The Eligible Passive Concern/Operating Concern requirements of the SBA, including lease terms required by the SBA regulations.

8.6 The SBA Loan is assumable with prior written approval of SBA. An assumption fee of one percent of the outstanding principal balance will be charged at the time of assumption.

8.7 The interest rate is determined at the time of Debenture Sale. Any discussion of interest rate at time of application or any time after loan approval, prior to Debenture Sale, is for demonstration and example only and does not constitute a quote or guaranty of the interest rate.

8.8 Request for transcript of tax return(s) from IRS with borrower's authorization (IRS Form 4506T).

8.9 The occupancy requirements of the SBA for a newly constructed facility is 60% by the Applicant at the time of loan closing. Up to 20% may be leased for an indefinite time period. With regard to the remaining 20%, it is to be the intent of the Applicant to move into a portion of the remaining 20% leased space within three years and to fully occupy 80% of the facility within 10 years. For existing building, the Applicant must occupy at least 51 % with no requirement to occupy the remaining leased space. Applicant will be required and agrees to assist CDC in obtaining Tenant Subordination(s) in a form satisfactory to the SSA and CDC for applicable leased or rented space.

8.10 If the Applicant obtains approval of the SBA and an Authorization and Debenture Guaranty is issued, the CDC has earned two-thirds of its loan origination fee (one percent of the net debenture proceeds) and Applicant agrees to pay that fee regardless of whether or not the loan is ultimately funded.

9. ATTORNEY FEES

9.1 In case of failure to faithfully perform the terms, covenants and conditions herein set forth, the defaulting party shall pay all costs, expenses, and reasonable attorney fees resulting from the enforcement of this Agreement or any right arising out of such breach whether or not a lawsuit is commenced.

9.2 Applicant agrees that this Assistance Agreement is made and entered into in Somerset, Kentucky, and shall be interpreted under the laws of the Commonwealth of Kentucky.

10. CUSTOMER IDENTIFICATION PROGRAM

IMPORTANT INFORMATION ABOUT IDENTIFICATION PROCEDURES FOR PROCESSING A 504 LOAN:

10.1 To help the government fight the funding of terrorism and money laundering activities, Federal law required Certified Development Companies to obtain, verify, and record information that identifies each person who applies for a 504 loan.

10.2 As required by the 504 Loan Application, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask for a copy of your driver's license or other identifying documents for you and/or your business.

11. DULY AUTHORIZED

11.1 The execution of this Agreement by Applicant has been duly authorized by all necessary corporate, partnership, or sole proprietorship action, and will not violate any law, rule, regulation, order, writ, judgment, decree, determination, award or contract presently in effect having applicability to Applicant or result in a breach of or constitute a default under any indenture or bank loan, credit agreement or any other agreement or instrument to which Applicant is a party or by which it or its property may be bound or affected.

12. SURVIVAL OF REPRESENTATION

12.1 All agreements, representations, and warranties made by Applicant herein shall survive the Loan Application Package, the Loan Submission Package, and the Final Loan Package and shall continue in full force and effect so long as any note executed pursuant hereto is outstanding.

13. SUCCESSORS AND ASSIGNS

13.1 This Agreement shall be binding upon Applicant, its successors and assigns, except that Applicant may not assign or transfer its rights hereunder without the prior written consent of CDC.

14. APPLICANT DEFINES/USE OF PRONOUNS

14.1 The word "Applicant" shall be deemed and taken to mean each and every person or party executing this Agreement, excluding CDC. If there is more than one person or organization set forth on the signature on the line as the Applicant, their liability hereunder shall be joint and several.

15. LIMITS TO RELATIONSHIP

15.1 CDC processes and approves many loans, some of which may involve or benefit individuals, entities, or businesses which compete with Applicant. CDC owes no duty to Applicant or to any entity, or individual associated with Applicant, to refrain from entering into agreements and associations with such competing individuals, entities or businesses.

15.2 CDC owes no special or fiduciary duty to Applicant.

15.3 CDC has not made, nor will it make, representation for the benefit of the Applicant regarding the potential success of the business of Applicant. CDC is hereby engaged by Applicant strictly and solely to explore the possibility of obtaining an SBA loan for the benefit of Applicant. All opinions, valuations and other data gathered and produced regarding Applicant, or other business organizations or individuals, in the course of CDC's performance under this agreement, is strictly for the benefit of CDC and is not intended to be relied upon by Applicant.

15.4 At such time an SBA 504 loan is obtained for the benefit of Applicant; the relationship between CDC and Applicant shall be strictly and solely that of creditor-debtor.

SOUTHEAST KENTUCKY ECONOMIC DEVELOPMENT CORPORATION, INC.

By: _____

Title: _____

Date: _____

APPLICANT:

By: _____

Title: _____

Date: _____

Applicant acknowledges that he/she has read and understands the items in paragraph 9. Applicant acknowledges receipt of the handout ASSISTANCE AGREEMENT EXAMPLES.

By: _____

Date: _____

Revised 09/2012

ASSISTANCE AGREEMENT EXAMPLES

One Time Loan Origination Costs referenced in paragraphs (4.1), (4.3), (5.2) and (6.1)

Example:

\$250,000	Net Debenture Proceeds (CDC's share of eligible 504 Project Costs)
\$ 3,750	(4.1) CDC Loan Origination Fee 1.5%
\$ 1,250	(5.2) SBA Guaranty or Reserve Fee 0.5%
\$ 1,920	(6.1) Debenture Issuance Costs (Funding Fees) and Underwriter's Commission (Assumes 20 year loan)
\$ 1,232	(4.3) Estimate of Loan Closing Costs, Recording Fees, ALTA Lender's Title Policy; Endorsements
\$ 2,500	(4.3) CDC Counsel Fee

Cost of CDC Funds and Borrower's Loan Interest Rate

Because of the public sector nature of the subject financing, the CDC discloses its cost of funds (Debenture Rate) and other costs which, in their aggregate, constitute the rate paid by the borrower. Private Lenders are not required to disclose this information. The difference between the CDC's borrowing rate (Debenture Rate) and the rate paid by the borrower in its monthly loan payment includes:

Example:

3.000%	Debenture Rate (CDC Borrowing Rate)
.100	(5.1) Central Servicing Agent Servicing Fee
.500	(4.2) CDC Servicing Fee
.125	(4.2) Servicing Fee paid by CDC to SBA
<u>.938</u>	(5.3) Approximate Ongoing Guaranty Fee
<u>4.663%</u>	Approximate Rate Paid by Borrower

Reductions in the Borrower's monthly payment amount are made every five years as some of the fees above are calculated as a percentage of the outstanding principal balance.

Occupancy Requirements

When Purchasing an Existing Facility:

The Operating Small Business and/or Borrower must occupy at least a majority of the space or 51 %. The remaining space may be leased to unrelated parties with no restriction on term.

504 Project funds may not be used for tenant leasehold improvements.

Occupancy Requirements, continued

When Constructing a New Facility:

The Operating Small Business and/or Borrower must occupy 60% at the time of the 504 loan disbursement.

Up to 20% may be leased to unrelated parties with no restriction on the term

The remaining 20% must either be occupied by the borrower, or may be leased. If it is leased, the initial term of that lease may not be for more than three (3) years. After three years, the borrower must begin to occupy that space and should plan to fully occupy the space within 10 years.

504 Project funds may not be used for tenant leasehold improvements.

When title to the subject real estate is held by an Eligible Passive Company and leased to the Operating Small Business, the Operating Small Business will lease 100% of the facility and then may sublease to unrelated third parties following the guidelines above.

Sample Prepayment Penalty Schedule (9.1)

SBA 504 Loans have a Prepayment Penalty based on a predetermined schedule, which is based upon the rate of the underlying bond or debenture. The TIMING of prepayment is also critical. Your monthly payments accrue to make a semi-annual debenture payment to the investors who fund your loan. You will be obligated to make the monthly payments **up to the next semi-annual debenture payment date**. Consequently, we will typically suggest that you hold off on making your prepayment until near the semi-annual anniversary date, so that you don't pay a lot of additional interest.

The prepayment schedule for a loan with an underlying debenture rate of 5% is as follows:

For a 20 Year Loan

If the Loan is Prepaid in Year. . .	The Prepayment is equal to the following % of the outstanding loan balance . . .
1	105.0%
2	104.5%
3	104.0%
4	103.5%
5	103.0%
6	102.5%
7	102.0%
8	101.5%
9	101.0%
10	100.5%
After Year 10	100.0%

Sample Prepayment Penalty Schedule (9.1), continued

For a 10 Year Loan

If the Loan is Prepaid in Year . .	The Prepayment is equal to the following % of the outstanding loan balance . . .
.	
1	107.25%
2	105.80%
3	104.35%
4	102.90%
5	101.45%
After Year 5	100.00%